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FM THE SITUATION ROOM//TOMAK09//

TO BORG/ADAMS/RODMAN FOR THE SECRETARY

T O P S E C R E T SENSITIVE CONTAINS CODEWORD VIA BLACK PATCH WH50299

TOMAK09

MARCH 6, 1975

MEMORANDUM FOR SECRETARY KISSINGER
FROM: THE SITUATION ROOM
SUBJECT: INFORMATION ITEMS

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OPEC SUMMIT: THE STATEMENT BY THE ALGERIAN PRESIDENT BOUMEDIENE AT THE OPENING OF THE MEETING OF PETROLEUM EXPORTING COUNTRIES FOLLOWS THE DEFENSIVE POSTURE OF OPEC LEADERS IN RECENT MONTHS. THERE WERE NO DEMANDS FOR FURTHER SHARP INCREASES IN THE REAL PRICE OF OIL. NOW, THEY CONCENTRATE ON MAINTAINING THE CARTEL'S RECENT GAINS AND ON

NSA review completed

MORI/CDF
C03204089

***** WHSR COMMENT *****

ON-FILE NSC RELEASE INSTRUCTIONS
APPLY

SECFL, SDD

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GETTING THE WORLD TO RECOGNIZE THE CARTEL AS A LEGITIMATE PLAYER ON THE WORLD STAGE. DISCUSSION OF SENSITIVE ISSUES THAT COULD THREATEN THE CARTEL'S SOLIDARITY HAS AGAIN BEEN POSTPONED. TALKS ABOUT ESTABLISHING A NEW MECHANISM TO PROTECT OPEC OIL PRICES FROM THE DECLINING VALUE OF THE U.S. DOLLAR WILL NOT BE HELD UNTIL EARLY APRIL. THE MOST SENSITIVE ISSUE OF ALL, FORMULATING AN EQUITABLE PRODUCTION PRO-RATIONING SCHEME, WILL NOT BE DISCUSSED UNTIL JUNE.

CIA NOTES THAT VENEZUELA MAY GET THE JUMP ON MOST OPEC STATES IN REACTING TO THE DECLINING VALUE OF THE DOLLAR. CARACAS IS REPORTED TO BE CONSIDERING:

- ADJUSTING THE EXCHANGE RATE USED FOR OIL EXPORT RECEIPTS -- DENOMINATED IN BOLIVARS BUT PAID IN DOLLARS;
- SPECIFYING THAT PAYMENT FOR OIL BE CALCULATED ON THE BASIS OF SPECIAL DRAWING RIGHTS.

IF VENEZUELA TOOK EITHER STEP, ITS OIL WOULD BECOME MORE EXPENSIVE THAN THAT OF OTHER OPEC STATES. CARACAS WOULD WANT THE COMPANIES TO AGREE NOT TO CUT LIFTINGS SHARPLY. THE COMPANIES MIGHT AGREE IN ORDER TO AVOID RAISING VENEZUELAN HACKLES DURING NATIONALIZATION NEGOTIATIONS.

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THAIS REVOKE TIN CONCESSION: THE INTERIM THAI GOVERNMENT OF SENI PRAMOT APPARENTLY HAS DECIDED TO REVOKE THE TIN MINING CONCESSION OF THE U.S.-DUTCH THAI EXPLORATION AND MINING COMPANY. THE REVOCATION IS EXPECTED TO UPSET AN ALREADY CONFUSED FOREIGN INVESTMENT CLIMATE. PROSPECTIVE INVESTORS MAY WELL INCLINE TOWARD THE MORE STABLE POLITICAL

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AND ECONOMIC ENVIRONMENTS OF COUNTRIES LIKE MALAYSIA AND SINGAPORE.

IN A LATE ITEM REUTER REPORTS THAT THE COALITION GOVERNMENT OF PRIME MINISTER SENI PRAMOT -- WHO HAD BEEN IN OFFICE ONLY FOUR DAYS -- WAS DEFEATED IN A 152-111 CONFIDENCE VOTE IN THE NATIONAL ASSEMBLY TONIGHT. THE VOTE MEANT MR. SENI, COULD NOT CONTINUE IN OFFICE UNDER THE CONSTITUTION.

PORTUGUESE PAPER REBUKED: THE PORTUGUESE CABINET HAS ISSUED A STATEMENT STRONGLY DENOUNCING A RECENT NEWSPAPER STORY THAT ACCUSED THE U.S. OF PLOTTING TO OVERTHROW THE PROVISIONAL GOVERNMENT. ALL MEDIA WERE REQUIRED TO CARRY THE COMMUNIQUE, WHICH DENOUNCED THE IRRESPONSIBILITY OF REPORTING THAT "DOES NOT CONTRIBUTE TO PUBLIC KNOWLEDGE BUT ENCOURAGES AN ATMOSPHERE OF ALARM, DISCREDIT, AND MISTRUST, WHICH ONLY EMBARRASSES THE GOVERNMENT." THE GOVERNMENT ADVISED THE MEDIA TO PRACTICE GREATER OBJECTIVITY AND TO AVOID "FANCIFUL AND DIVISIONIST SPECULATIONS." THE OFFENDING PRESS STORY APPEARED ON MONDAY IN A MODERATELY LEFT-WING, USUALLY WELL-INFORMED DAILY. IN ADDITION TO THE CHARGE OF COUP PLOTTING, THE STORY ACCUSED BOTH THE U.S. AND WEST GERMAN AMBASSADORS OF CONSPIRING WITH THE PORTUGUESE SOCIALISTS AND THEIR GERMAN COUNTERPARTS TO FOMENT CIVIL WAR IN PORTUGAL.

MRS. VELASCO'S COMMENT ON PRESIDENT'S CONDITION: SPEAKING TO A NEWSMAN AFTER A PRESS CONFERENCE OVER WHICH SHE PRESIDED IN LIMA, MRS. VELASCO SAID THAT THE PRESIDENT SUFFERED A SEVERE RISE IN BLOOD PRESSURE LAST FRIDAY BUT HAS RECOVERED. "HE IS FANTASTIC, OTHERWISE I WOULD NOT BE HERE." CIA STILL BELIEVES THAT DISAGREEMENT OVER HOW AND WHEN TO REPLACE VELASCO HAS APPARENTLY CAUSED A DELAY IN MAKING AN ANNOUNCEMENT ABOUT HIS BRAIN HEMORRHAGE.

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INDIA TO PURCHASE EIGHT NANUCHKA-CLASS MISSILE CORVETTES FROM THE USSR: [REDACTED] THE INDIAN NAVY REPORTEDLY HAS PURCHASED EIGHT NANUCHKA-CLASS MISSILE CORVETTES FROM THE USSR. THE DEAL WAS NEGOTIATED DURING THE RECENT VISIT OF GRECHKO, [REDACTED] THREE OF THE SHIPS ARE TO BE DELIVERED IMMEDIATELY. THE REMAINING FIVE ARE TO BE TURNED OVER BEFORE THE END OF THE YEAR. EACH SHIP REPORTEDLY COSTS AROUND \$10 MILLION. THE NANUCHKA-CLASS MISSILE CORVETTE IS THE MOST HEAVILY ARMED SHIP OF ITS SIZE IN THE WORLD.
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